

Office of Assistant Secretary for Housing, HUD

§ 235.1226

CONTRACT RIGHTS AND OBLIGATIONS

§ 235.1222 Cross-reference.

The provisions of subpart B of title 24 of part 235 shall be applicable to mortgages insured in accordance with section 235(r) of the National Housing Act.

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

CONTRACT FOR ASSISTANCE PAYMENTS

§ 235.1224 Cross-reference.

(a) Title 24, part 235, subpart C, as modified and supplemented by this subpart, shall constitute the contract between the mortgagee and the Secretary for assistance payments in connection with a mortgage insured under section 235(r) of the National Housing Act.

(b) The sections of subpart C of this part which apply in connection with a mortgage insured under section 235(r) are the following:

- Sec.
- 235.301 Definitions.
- 235.340 Time of payments.
- 235.350 Mortgagor's required recertification.
- 235.355 Mortgagor's optional recertification.
- 235.360 Adjustment in assistance payments.
- 235.361 Recovery of assistance payments.
- 235.365 Mortgagee records.
- 235.370 Effect of assignment of mortgage with an assistance payment contract.
- 235.375 Termination, suspension or reinstatement of the assistance payments contract.
- 235.499 Effect of amendments.

[57 FR 62453, Dec. 30, 1992. Redesignated at 60 FR 56499, Nov. 8, 1995]

§ 235.1226 Additional provisions of the assistance payment contracts for section 235(r).

(a) *Assistance payments and handling charges.* The assistance payments on behalf of the mortgagor shall be the lesser of the following:

(1) The difference between 20 percent (or 28 percent in the case of contracts entered into for a ten-year term (ten year contracts) pursuant to the authority under section 235(c)(1) of the National Housing Act, as amended by the Housing and Urban-Rural Recovery Act of 1983 (Pub. L. 98-181)) of the homeowner's adjusted monthly income and the required monthly payment under the mortgage for principal, interest,

taxes, insurance, and mortgage insurance premium.

(2) The difference between the required monthly payment under the mortgage for principal, interest, and mortgage insurance premium and the monthly payment which would be required for principal and interest if the mortgage bore the lower interest rate established by the Secretary and in effect at the time of the closing of the mortgage being refinanced and which is referred to as the "floor rate."

(b) *Floor rates.* The floor rates are determined by the date of the closing of the mortgage being refinanced. As an example, the following chart contains floor rates. However, mortgagees must check the HUD Form 93100 for the mortgage being refinanced to obtain the floor rate for the mortgage, which rate is to be used to compute the formula contained in paragraph (a) of this section.

TABLE

Date of closing	Interest rate	
	Note rate (percent)	To compute second element of subsection (a)(2) (percent)
8/9/68-1/4/76	N/A	1
1/5/76-3/6/78	N/A	5
3/7/78-3/8/81	N/A	4
On or after 3/9/81	13.50 or below	4
	13.75-14.00	4¾
	14.25-14.50	5½
	15.00	6
	15.50	6¾
	16	7¼
	16.50	8
	17.50	8

(c) *Handling charges.* In addition to the assistance payments referred to in paragraph (a) of this section, the mortgagee shall be entitled to the monthly payment of an amount the Secretary deems sufficient to reimburse the mortgagee for its expense in handling the mortgage.

(d) *Taxes in monthly payment.* Special assessments levied by a governmental body are to be included under the term "taxes" as part of the monthly payment. However, ground rents, assessments of a homeowners' association or condominium association, and special